

ENGROSSED SENATE BILL No. 486

DIGEST OF SB 486 (Updated March 18, 2009 3:40 pm - DI 97)

Citations Affected: IC 5-10; IC 20-26; IC 27-1; IC 27-14; IC 27-15; noncode.

Synopsis: Various insurance and study committee matters. Requires certain group health plans available to certain police employees of the state to provide coverage for pervasive developmental disorders. Allows a school corporation to provide coverage for employees of the school corporation through a state employee health plan. Provides for municipalities to form a mutual insurance company to insure municipalities. Establishes the interim study committee on motor vehicle towing.

Effective: Upon passage; January 1, 2009 (retroactive); July 1, 2009.

Paul, Simpson, Charbonneau, Young R Michael, Randolph

(HOUSE SPONSOR — FRY)

January 15, 2009, read first time and referred to Committee on Insurance and Financial Institutions.

February 19, 2009, reported favorably — Do Pass. February 23, 2009, read second time, ordered engrossed. Engrossed. February 24, 2009, read third time, passed. Yeas 43, nays 7.

HOUSE ACTION

March 3, 2009, read first time and referred to Committee on Insurance. March 19, 2009, amended, reported — Do Pass.



First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 486

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-10-8-2.2, AS AMENDED BY P.L.3-2008
SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2009]: Sec. 2.2. (a) As used in this section, "dependent"
means a natural child, stepchild, or adopted child of a public safety
employee who:

- (1) is less than eighteen (18) years of age;
- (2) is at least eighteen (18) years of age and has a physical or mental disability (using disability guidelines established by the Social Security Administration); or
- (3) is at least eighteen (18) and less than twenty-three (23) years of age and is enrolled in and regularly attending a secondary school or is a full-time student at an accredited college or university.
- (b) As used in this section, "public safety employee" means a full-time firefighter, police officer, county police officer, or sheriff.
- (c) This section applies only to local unit public employers and their public safety employees.

ES 486-LS 7460/DI 97+



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1	(d) A local unit public employer may provide programs of group
2	health insurance for its active and retired public safety employees
3	through one (1) of the following methods:
4	(1) By purchasing policies of group insurance.
5	(2) By establishing self-insurance programs.
6	(3) By electing to participate in the local unit group of local units
7	that offer the state employee health plan under section 6.6 of this
8	chapter.
9	(4) If the local unit public employer is a school corporation, by
10	electing to provide the coverage through a state employee
11	health plan under section 6.7 of this chapter.
12	A local unit public employer may provide programs of group insurance
13	other than group health insurance for the local unit public employer's
14	active and retired public safety employees by purchasing policies of
15	group insurance and by establishing self-insurance programs. However,
16	the establishment of a self-insurance program is subject to the approval
17	of the unit's fiscal body.
18	(e) A local unit public employer may pay a part of the cost of group
19	insurance for its active and retired public safety employees. However,
20	a local unit public employer that provides group life insurance for its
21	active and retired public safety employees shall pay a part of the cost
22	of that insurance.
23	(f) A local unit public employer may not cancel an insurance
24	contract under this section during the policy term of the contract.
25	(g) After June 30, 1989, a local unit public employer that provides
26	a group health insurance program for its active public safety employees
27	shall also provide a group health insurance program to the following
28	persons:
29	(1) Retired public safety employees.
30	(2) Public safety employees who are receiving disability benefits
31	under IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-8, or IC 36-8-10.
32	(3) Surviving spouses and dependents of public safety employees
33	who die while in active service or after retirement.
34	(h) A public safety employee who is retired or has a disability and
35	is eligible for group health insurance coverage under subsection (g)(1)
36	or (g)(2):
37	(1) may elect to have the person's spouse, dependents, or spouse
38	and dependents covered under the group health insurance
39	program at the time the person retires or becomes disabled;
40	(2) must file a written request for insurance coverage with the
41	employer within ninety (90) days after the person retires or begins



receiving disability benefits; and

1	(3) must pay an amount equal to the total of the employer's and
2	the employee's premiums for the group health insurance for an
3	active public safety employee (however, the employer may elect
4	to pay any part of the person's premiums).
5	(i) Except as provided in IC 36-8-6-9.7(f), IC 36-8-6-10.1(h),
6	IC 36-8-7-12.3(g), IC 36-8-7-12.4(j), IC 36-8-7.5-13.7(h),
7	IC 36-8-7.5-14.1(i), IC 36-8-8-13.9(d), IC 36-8-8-14.1(h), and
8	IC 36-8-10-16.5 for a surviving spouse or dependent of a public safety
9	employee who dies in the line of duty, a surviving spouse or dependent
10	who is eligible for group health insurance under subsection (g)(3):
11	(1) may elect to continue coverage under the group health
12	insurance program after the death of the public safety employee;
13	(2) must file a written request for insurance coverage with the
14	employer within ninety (90) days after the death of the public
15	safety employee; and
16	(3) must pay the amount that the public safety employee would
17	have been required to pay under this section for coverage selected
18	by the surviving spouse or dependent (however, the employer may
19	elect to pay any part of the surviving spouse's or dependents'
20	premiums).
21	(j) The eligibility for group health insurance under this section for
22	a public safety employee who is retired or has a disability ends on the
23	earlier of the following:
24	(1) When the public safety employee becomes eligible for
25	Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.
26	(2) When the employer terminates the health insurance program
27	for active public safety employees.
28	(k) A surviving spouse's eligibility for group health insurance under
29	this section ends on the earliest of the following:
30	(1) When the surviving spouse becomes eligible for Medicare
31	coverage as prescribed by 42 U.S.C. 1395 et seq.
32	(2) When the unit providing the insurance terminates the health
33	insurance program for active public safety employees.
34	(3) The date of the surviving spouse's remarriage.
35	(4) When health insurance becomes available to the surviving
36	spouse through employment.
37	(l) A dependent's eligibility for group health insurance under this
38	section ends on the earliest of the following:
39	(1) When the dependent becomes eligible for Medicare coverage
40	as prescribed by 42 U.S.C. 1395 et seq.
41	(2) When the unit providing the insurance terminates the health

insurance program for active public safety employees.



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1	(3) When the dependent no longer meets the criteria set forth in
2	subsection (a).
3	(4) When health insurance becomes available to the dependent
4	through employment.
5	(m) A public safety employee who is on leave without pay is entitled
6	to participate for ninety (90) days in any group health insurance
7	program maintained by the local unit public employer for active public
8	safety employees if the public safety employee pays an amount equal
9	to the total of the employer's and the employee's premiums for the
10	insurance. However, the employer may pay all or part of the employer's
11	premium for the insurance.
12	(n) A local unit public employer may provide group health
13	insurance for retired public safety employees or their spouses not
14	covered by subsections (g) through (l) and may provide group health
15	insurance that contains provisions more favorable to retired public
16	safety employees and their spouses than required by subsections (g)
17	through (l). A local unit public employer may provide group health
18	insurance to a public safety employee who is on leave without pay for
19	a longer period than required by subsection (m), and may continue to
20	pay all or a part of the employer's premium for the insurance while the
21	employee is on leave without pay.
22	SECTION 2. IC 5-10-8-2.6, AS AMENDED BY P.L.1-2005,
23	SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24	JULY 1, 2009]: Sec. 2.6. (a) This section applies only to local unit
25	public employers and their employees. This section does not apply to
26	public safety employees, surviving spouses, and dependents covered by
27	section 2.2 of this chapter.
28	(b) A public employer may provide programs of group insurance for
29	its employees and retired employees. The public employer may,
30	however, exclude part-time employees and persons who provide
31	services to the unit under contract from any group insurance coverage
32	that the public employer provides to the employer's full-time
33	employees. A public employer may provide programs of group health
34	insurance under this section through one (1) of the following methods:
35	(1) By purchasing policies of group insurance.
36	(2) By establishing self-insurance programs.
37	(3) By electing to participate in the local unit group of local units
38	that offer the state employee health plan under section 6.6 of this
39	chapter.

(4) If the local unit public employer is a school corporation, by

electing to provide the coverage through a state employee

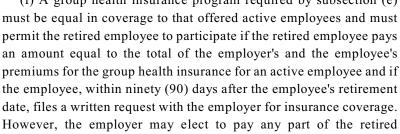
health plan under section 6.7 of this chapter.



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1	A public employer may provide programs of group insurance other
2	than group health insurance under this section by purchasing policies
3	of group insurance and by establishing self-insurance programs.
4	However, the establishment of a self-insurance program is subject to
5	the approval of the unit's fiscal body.
6	(c) A public employer may pay a part of the cost of group insurance,
7	but shall pay a part of the cost of group life insurance for local
8	employees. A public employer may pay, as supplemental wages, an
9	amount equal to the deductible portion of group health insurance as
10	long as payment of the supplemental wages will not result in the
11	payment of the total cost of the insurance by the public employer.
12	(d) An insurance contract for local employees under this section
13	may not be canceled by the public employer during the policy term of
14	the contract.
15	(e) After June 30, 1986, a public employer shall provide a group
16	health insurance program under subsection (g) to each retired
17	employee:
18	(1) whose retirement date is:
19	(A) after May 31, 1986, for a retired employee who was a
20	teacher (as defined in IC 20-18-2-22) for a school corporation;
21	or
22	(B) after June 30, 1986, for a retired employee not covered by
23	clause (A);
24	(2) who will have reached fifty-five (55) years of age on or before
25	the employee's retirement date but who will not be eligible on that
26	date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
27	seq.;
28	(3) who will have completed twenty (20) years of creditable
29	employment with a public employer on or before the employee's
30	retirement date, ten (10) years of which must have been
31	completed immediately preceding the retirement date; and
32	(4) who will have completed at least fifteen (15) years of
33	participation in the retirement plan of which the employee is a
34	member on or before the employee's retirement date.
35	(f) A group health insurance program required by subsection (e)
36	must be equal in coverage to that offered active employees and must
37	permit the retired employee to participate if the retired employee pays
38	an amount equal to the total of the employer's and the employee's





employee's premiums.

(g) A retired employee's eligibility to continue insurance under subsection (e) ends when the employee becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq., or when the employer terminates the health insurance program. A retired employee who is eligible for insurance coverage under subsection (e) may elect to have the employee's spouse covered under the health insurance program at the time the employee retires. If a retired employee's spouse pays the amount the retired employee would have been required to pay for coverage selected by the spouse, the spouse's subsequent eligibility to continue insurance under this section is not affected by the death of the retired employee. The surviving spouse's eligibility ends on the earliest of the following:

- (1) When the spouse becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.
- (2) When the employer terminates the health insurance program.
- (3) Two (2) years after the date of the employee's death.
- (4) The date of the spouse's remarriage.
- (h) This subsection does not apply to an employee who is entitled to group insurance coverage under IC 20-28-10-2(b). An employee who is on leave without pay is entitled to participate for ninety (90) days in any group health insurance program maintained by the public employer for active employees if the employee pays an amount equal to the total of the employer's and the employee's premiums for the insurance. However, the employer may pay all or part of the employer's premium for the insurance.
- (i) A public employer may provide group health insurance for retired employees or their spouses not covered by subsections (e) through (g) and may provide group health insurance that contains provisions more favorable to retired employees and their spouses than required by subsections (e) through (g). A public employer may provide group health insurance to an employee who is on leave without pay for a longer period than required by subsection (h), and may continue to pay all or a part of the employer's premium for the insurance while the employee is on leave without pay.

SECTION 3. IC 5-10-8-6.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: **Sec. 6.3. (a) As used in this section, "covered individual" means an individual who is covered under a group health insurance plan.**

(b) As used in this section, "group health insurance plan" means a plan described in section 6 of this chapter that provides coverage









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1	for basic health care services (as defined in IC 27-13-1-4).
2	(c) As used in this section, "pervasive developmental disorder"
3	means a neurological condition, including Asperger's syndrome
4	and autism, as defined in the most recent edition of the Diagnostic
5	and Statistical Manual of Mental Disorders of the American
6	Psychiatric Association.
7	(d) A group health insurance plan must provide a covered
8	individual with coverage for the treatment of a pervasive
9	developmental disorder. Coverage provided under this section is
10	limited to treatment that is prescribed by the covered individual's
11	treating physician in accordance with a treatment plan. A group
12	health insurance plan may not deny or refuse to issue coverage on,
13	refuse to contract with, or refuse to renew, refuse to reissue, or
14	otherwise terminate or restrict coverage on, an individual under
15	the group health coverage plan solely because the individual is
16	diagnosed with a pervasive developmental disorder.
17	(e) The coverage required by subsection (d) may not be subject
18	to dollar limits, deductibles, copayments, or coinsurance provisions
19	that are less favorable to a covered individual than the dollar
20	limits, deductibles, copayments, or coinsurance provisions that
21	apply to physical illness generally under the group health
22	insurance plan.
23	SECTION 4. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE
24	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
25	1,2009]: Sec. 6.7. (a) As used in this section, "state employee health
26	plan" means a:
27	(1) self-insurance program established under section 7(b) of
28	this chapter; or
29	(2) contract with a prepaid health care delivery plan entered
30	into under section 7(c) of this chapter;
31	to provide group health coverage for state employees.
32	(b) The state personnel department shall allow a school
33	corporation to elect to provide coverage of health care services for
34	active and retired employees of the school corporation under a
35	state employee health plan.
36	(c) The following apply if a school corporation elects to provide
37	coverage for active and retired employees of the school corporation
38	under subsection (b):
39	(1) The state shall not pay any part of the cost of the coverage.

(2) The coverage provided to an active or retired school

corporation employee under this section must be the same as

the coverage provided to an active or retired state employee



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1	under the state employee health plan.	
2	(3) Notwithstanding sections 2.2 and 2.6 of this chapter:	
3	(A) the school corporation shall pay for the coverage	
4	provided to an active or retired school corporation	
5	employee under this section an amount equal to the	
6	amount paid by the state for coverage provided to an	
7	active or retired state employee under the state employee	
8	health plan; and	
9	(B) an active or retired school corporation employee shall	_
0	pay for the coverage provided to the active or retired	
1	school corporation employee under this section an amount	
2	equal to the amount paid by an active or retired state	
3	employee for coverage provided to the active or retired	
4	state employee under the state employee health plan.	
5	(4) The school corporation shall pay any administrative costs	
6	of the school corporation's participation in the state employee	
7	health plan.	
8	(5) The school corporation shall provide the coverage elected	
9	under subsection (b) for a period of at least three (3) years	
20	beginning on the date the coverage of the school corporation	
21	employees under the state employee health plan begins.	
22	(d) The state personnel department shall provide an enrollment	
23	period at least every thirty (30) days for a school corporation that	
24	elects to provide coverage under subsection (b).	_
25	(e) The state personnel department may adopt rules under	
26	IC 4-22-2 to implement this section.	
27	(f) Neither this section nor a school corporation's election to	
28	participate in a state employee health plan as provided in this	V
29	section impairs the rights of an exclusive representative of the	
30	certificated or noncertificated employees of the school corporation	
31	to collectively bargain all matters related to school employee health	
32	insurance programs and benefits.	
3	SECTION 5. IC 20-26-5-4, AS AMENDED BY P.L.168-2006,	
4	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE	
55	JULY 1, 2009]: Sec. 4. In carrying out the school purposes of a school	
56	corporation, the governing body acting on the school corporation's	
57	behalf has the following specific powers:	
8	(1) In the name of the school corporation, to sue and be sued and	
9	to enter into contracts in matters permitted by applicable law.	
10	(2) To take charge of, manage, and conduct the educational affairs	
-1	of the school corporation and to establish, locate, and provide the	

necessary schools, school libraries, other libraries where



1 2	permitted by law, other buildings, facilities, property, and equipment.	
3	(3) To appropriate from the school corporation's general fund an	
4	amount, not to exceed the greater of three thousand dollars	
5	(\$3,000) per budget year or one dollar (\$1) per pupil, not to	
6	exceed twelve thousand five hundred dollars (\$12,500), based on	
7	the school corporation's previous year's ADM, to promote the best	
8	interests of the school corporation through:	
9	(A) the purchase of meals, decorations, memorabilia, or	
10	awards;	
11	(B) provision for expenses incurred in interviewing job	
12	applicants; or	
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	(C) developing relations with other governmental units.	
14 15	(4) To: (A) Agguire construct great maintain held and contract for	
	(A) Acquire, construct, erect, maintain, hold, and contract for	
16	construction, erection, or maintenance of real estate, real estate improvements, or an interest in real estate or real estate	
17	improvements, or an interest in real estate or real estate improvements, as the governing body considers necessary for	
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19	school purposes, including buildings, parts of buildings,	
20	additions to buildings, rooms, gymnasiums, auditoriums,	
21	playgrounds, playing and athletic fields, facilities for physical	
22	training, buildings for administrative, office, warehouse, repair	\sim
23	activities, or housing school owned buses, landscaping, walks,	
24	drives, parking areas, roadways, easements and facilities for	
25	power, sewer, water, roadway, access, storm and surface	
26	water, drinking water, gas, electricity, other utilities and	
27	similar purposes, by purchase, either outright for cash (or	
28	under conditional sales or purchase money contracts providing	
29	for a retention of a security interest by the seller until payment	
30	is made or by notes where the contract, security retention, or	
31	note is permitted by applicable law), by exchange, by gift, by	
32	devise, by eminent domain, by lease with or without option to	
33	purchase, or by lease under IC 20-47-2, IC 20-47-3, or	
34	IC 20-47-5.	
35	(B) Repair, remodel, remove, or demolish, or to contract for	
36	the repair, remodeling, removal, or demolition of the real	
37	estate, real estate improvements, or interest in the real estate	
38	or real estate improvements, as the governing body considers	
39	necessary for school purposes.	
40	(C) Provide for conservation measures through utility	
41	efficiency programs or under a guaranteed savings contract as	



described in IC 36-1-12.5.

1	(5) To acquire personal property or an interest in personal
2	property as the governing body considers necessary for school
3	purposes, including buses, motor vehicles, equipment, apparatus,
4	appliances, books, furniture, and supplies, either by cash purchase
5	or under conditional sales or purchase money contracts providing
6	for a security interest by the seller until payment is made or by
7	notes where the contract, security, retention, or note is permitted
8	by applicable law, by gift, by devise, by loan, or by lease with or
9	without option to purchase and to repair, remodel, remove,
10	relocate, and demolish the personal property. All purchases and
11	contracts specified under the powers authorized under subdivision
12	(4) and this subdivision are subject solely to applicable law
13	relating to purchases and contracting by municipal corporations
14	in general and to the supervisory control of state agencies as
15	provided in section 6 of this chapter.
16	(6) To sell or exchange real or personal property or interest in real
17	or personal property that, in the opinion of the governing body, is
18	not necessary for school purposes, in accordance with IC 20-26-7,
19	to demolish or otherwise dispose of the property if, in the opinion
20	of the governing body, the property is not necessary for school
21	purposes and is worthless, and to pay the expenses for the
22	demolition or disposition.
23	(7) To lease any school property for a rental that the governing
24	body considers reasonable or to permit the free use of school
25	property for:
26	(A) civic or public purposes; or

(A) civic or public purposes; or

(B) the operation of a school age child care program for children who are at least five (5) years of age and less than fifteen (15) years of age that operates before or after the school day, or both, and during periods when school is not in session; if the property is not needed for school purposes. Under this

subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if payment for the property subject to a long term lease is made from money in the school corporation's debt service fund, all proceeds from the long term lease must be deposited in the school corporation's debt service fund so long as payment for the property has not been made. The governing body may, at the governing body's option, use the procedure specified in



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1	IC 36-1-11-10 in leasing property under this subdivision.	
2	(8) To:	
3	(A) Employ, contract for, and discharge superintendents,	
4	supervisors, principals, teachers, librarians, athletic coaches	
5	(whether or not they are otherwise employed by the school	
6	corporation and whether or not they are licensed under	
7	IC 20-28-5), business managers, superintendents of buildings	
8	and grounds, janitors, engineers, architects, physicians,	
9	dentists, nurses, accountants, teacher aides performing	
10	noninstructional duties, educational and other professional	
11	consultants, data processing and computer service for school	
12	purposes, including the making of schedules, the keeping and	
13	analyzing of grades and other student data, the keeping and	
14	preparing of warrants, payroll, and similar data where	
15	approved by the state board of accounts as provided below,	
16	and other personnel or services as the governing body	4
17	considers necessary for school purposes.	
18	(B) Fix and pay the salaries and compensation of persons and	
19	services described in this subdivision.	
20	(C) Classify persons or services described in this subdivision	
21	and to adopt schedules of salaries or compensation.	
22	(D) Determine the number of the persons or the amount of the	
23	services employed or contracted for as provided in this	
24	subdivision.	
25	(E) Determine the nature and extent of the duties of the	
26	persons described in this subdivision.	
27	The compensation, terms of employment, and discharge of	
28	teachers are, however, subject to and governed by the laws	
29	relating to employment, contracting, compensation, and discharge	
30	of teachers. The compensation, terms of employment, and	
31	discharge of bus drivers are subject to and governed by laws	
32	relating to employment, contracting, compensation, and discharge	
33	of bus drivers. The forms and procedures relating to the use of	
34	computer and data processing equipment in handling the financial	
35	affairs of the school corporation must be submitted to the state	
36	board of accounts for approval so that the services are used by the	
37	school corporation when the governing body determines that it is	
38	in the best interest of the school corporation while at the same	
39	time providing reasonable accountability for the funds expended.	
40	(9) Notwithstanding the appropriation limitation in subdivision	

(3), when the governing body by resolution considers a trip by an

employee of the school corporation or by a member of the



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governing body to be in the interest of the school corporation,
including attending meetings, conferences, or examining
equipment, buildings, and installation in other areas, to permit the
employee to be absent in connection with the trip without any loss
in pay and to reimburse the employee or the member the
employee's or member's reasonable lodging and meal expenses
and necessary transportation expenses. To pay teaching personnel
for time spent in sponsoring and working with school related trips
or activities.
(10) To transport children to and from school, when in the
opinion of the governing body the transportation is necessary,
including considerations for the safety of the children and without
regard to the distance the children live from the school. The
transportation must be otherwise in accordance with applicable
law.
(11) To provide a lunch program for a part or all of the students
attending the schools of the school corporation, including the
establishment of kitchens, kitchen facilities, kitchen equipment,
lunch rooms, the hiring of the necessary personnel to operate the
lunch program, and the purchase of material and supplies for the
lunch program, charging students for the operational costs of the
lunch program, fixing the price per meal or per food item. To
operate the lunch program as an extracurricular activity, subject
to the supervision of the governing body. To participate in a
surplus commodity or lunch aid program.
(12) To purchase textbooks, to furnish textbooks without cost or
to rent textbooks to students, to participate in a textbook aid
program, all in accordance with applicable law.
(13) To accept students transferred from other school corporations
and to transfer students to other school corporations in accordance
with applicable law.
(14) To make budgets, to appropriate funds, and to disburse the
money of the school corporation in accordance with applicable
law. To borrow money against current tax collections and
otherwise to borrow money, in accordance with IC 20-48-1.
(15) To purchase insurance or to establish and maintain a
program of self-insurance relating to the liability of the school
corporation or the school corporation's employees in connection
with motor vehicles or property and for additional coverage to the

extent permitted and in accordance with IC 34-13-3-20. To

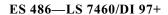
purchase additional insurance or to establish and maintain a

program of self-insurance protecting the school corporation and











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1	members of the governing body, employees, contractors, or agents
2	of the school corporation from liability, risk, accident, or loss
3	related to school property, school contract, school or school
4	related activity, including the purchase of insurance or the
5	establishment and maintenance of a self-insurance program
6	protecting persons described in this subdivision against false
7	imprisonment, false arrest, libel, or slander for acts committed in
8	the course of the persons' employment, protecting the school
9	corporation for fire and extended coverage and other casualty
10	risks to the extent of replacement cost, loss of use, and other
11	insurable risks relating to property owned, leased, or held by the
12	school corporation. To:
13	(A) participate in a state employee health plan under
14	IC 5-10-8-6.6 or IC 5-10-8-6.7;
15	(B) purchase insurance; or
16	(C) establish and maintain a program of self-insurance;
17	to benefit school corporation employees, including accident,
18	sickness, health, or dental coverage, provided that a plan of
19	self-insurance must include an aggregate stop-loss provision.
20	(16) To make all applications, to enter into all contracts, and to
21	sign all documents necessary for the receipt of aid, money, or
22	property from the state, the federal government, or from any other
23	source.
24	(17) To defend a member of the governing body or any employee
25	of the school corporation in any suit arising out of the
26	performance of the member's or employee's duties for or
27	employment with, the school corporation, if the governing body
28	by resolution determined that the action was taken in good faith.
29	To save any member or employee harmless from any liability,
30	cost, or damage in connection with the performance, including the
31	payment of legal fees, except where the liability, cost, or damage
32	is predicated on or arises out of the bad faith of the member or
33	employee, or is a claim or judgment based on the member's or
34	employee's malfeasance in office or employment.
35	(18) To prepare, make, enforce, amend, or repeal rules,
36	regulations, and procedures:
37	(A) for the government and management of the schools,
38	property, facilities, and activities of the school corporation, the
39	school corporation's agents, employees, and pupils and for the

operation of the governing body; and

(B) that may be designated by an appropriate title such as "policy handbook", "bylaws", or "rules and regulations".









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(19) To ratify and approve any action taken by a member of the governing body, an officer of the governing body, or an employee
of the school corporation after the action is taken, if the action
could have been approved in advance, and in connection with the
action to pay the expense or compensation permitted under
IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and
IC 20-48-1 or any other law.
(20) To exercise any other power and make any expenditure in
carrying out the governing body's general powers and purposes
provided in this chapter or in carrying out the powers delineated
in this section which is reasonable from a business or educational
standpoint in carrying out school purposes of the school
corporation, including the acquisition of property or the
employment or contracting for services, even though the power or

and IC 20-48-1 by specific language or by reference to other law. SECTION 6. IC 27-1-6-0.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 0.4. As used in this chapter with respect to a corporation described in section 1(b) of this chapter, "corporate officer" or "incorporator" refers to the chief executive or chief financial officer of a municipality described in section 1(b) of this chapter.

expenditure is not specifically set out in this chapter. The specific

powers set out in this section do not limit the general grant of

powers provided in this chapter except where a limitation is set

out in IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12,

SECTION 7. IC 27-1-6-0.6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 0.6. As used in this chapter, "municipality" has the meaning set forth in IC 36-1-2-11.

SECTION 8. IC 27-1-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) Except as provided in subsection (b), any number of natural persons, not less than seven (7), all of whom are eighteen (18) years of age or older, at least a majority of whom are residents of the state of Indiana and citizens of the United States, may form a corporation under the provisions of this chapter for the purpose of making any kind or kinds of insurance described in any one (1) class set out in IC 27-1-5-1, other than reciprocal, farm mutual, fraternal, and assessment insurance, by complying with the provisions of this chapter.

(b) Four (4) or more Indiana municipalities, represented by at least seven (7) incorporators, may form a corporation as a







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1	domestic mutual company under this chapter for purposes of
2	making any kind or kinds of insurance described in any one (1)
3	class set out in IC 27-1-5-1 (other than reciprocal, farm mutual,
4	fraternal, and assessment insurance) available to Indiana
5	municipalities.
6	SECTION 9. IC 27-1-6-15 IS AMENDED TO READ AS
7	FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 15. (a) This section
8	does not apply to a domestic mutual company described in section
9	1(b) of this chapter.
10	(a) (b) Except as provided in subsection (b), (c), a domestic mutual
11	company that organized before July 1, 1977, must maintain a surplus
12	of not less than two hundred fifty thousand dollars (\$250,000). This
13	subsection does not apply to a standard farm mutual insurance
14	company that is organized under IC 27-5 (before its repeal) or
15	IC 27-5.1.
16	(b) (c) A domestic mutual company that organized before July 1,
17	1977, must maintain a surplus of not less than:
18	(1) seven hundred fifty thousand dollars (\$750,000), if it markets
19	one (1) or more kinds of insurance under both Class II and Class
20	III, other than Class II(k) insurance;
21	(2) one million dollars (\$1,000,000), if it markets one (1) or more
22	kinds of insurance under Class II, including Class II(k) insurance;
23	or
24	(3) one million dollars (\$1,000,000), if it markets one (1) or more
25	kinds of insurance under both Class II and Class III, including
26	Class II(k) insurance.
27	(c) (d) A domestic mutual company that organized after June 30,
28	1977, must maintain a surplus of not less than one million two hundred
29	fifty thousand dollars (\$1,250,000). However, when it organizes, it
30	must:
31	(1) have a surplus of not less than two million dollars
32	(\$2,000,000);
33	(2) for the one (1) or more kinds of insurance under Class I that
34	it intends to market, have received applications for insurance from
35	not less than four hundred (400) persons, each application for an
36	amount not less than one thousand dollars (\$1,000), and have
37	received the first year's premium due on a policy to be issued on
38	each such application; and
39	(3) for the one (1) or more kinds of insurance under Class II or
40	Class III that it intends to market, have received applications for

insurance covering not less than eight hundred (800) separate

risks in not less than forty (40) policies to be issued to not less



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1	than forty (40) members, and have received premiums amounting
2	to not less than one hundred thousand dollars (\$100,000) for those
3	policies.
4	(d) (e) A domestic mutual company must deposit with the
5	department in cash or in obligations of the United States:
6	(1) twenty-five thousand dollars (\$25,000), if it organized before
7	June 30, 1955;
8	(2) fifty thousand dollars (\$50,000), if it organized after June 29,
9	1955, and before March 7, 1967; or
10	(3) one hundred thousand dollars (\$100,000), if it organized after
11	March 6, 1967.
12	This subsection does not apply to a standard farm mutual insurance
13	company that is organized under IC 27-5 (before its repeal) or
14	IC 27-5.1.
15	(e) (f) If the commissioner determines that the continued operation
16	of a domestic mutual company may be hazardous to the policyholders
17	or the general public, the commissioner may, upon the commissioner's
18	determination, issue an order requiring the insurer to increase the
19	insurer's capital and surplus based on the type, volume, and nature of
20	the business transacted.
21	SECTION 10. IC 27-1-6-15.1 IS ADDED TO THE INDIANA
22	CODE AS A NEW SECTION TO READ AS FOLLOWS
23	[EFFECTIVE JULY 1, 2009]: Sec. 15.1. (a) A domestic mutual
24	company described in section 1(b) of this chapter must maintain a
25	surplus of not less than one million two hundred fifty thousand
26	dollars (\$1,250,000). However, when the company organizes, the
27	company must:
28	(1) have:
29	(A) a surplus of not less than two million dollars
30	(\$2,000,000); and
31 32	(B) applications for insurance from not less than twenty (20) municipalities, each application for an amount not less
33	than fifty thousand dollars (\$50,000);
34	(2) for the one (1) or more kinds of insurance under Class I
35	that the company intends to market, have received:
36	(A) applications for insurance from not less than one
37	hundred (100) individuals, each application for an amount
38	not less than five thousand dollars (\$5,000); and
39	(B) the first year's premium due on a policy to be issued on
40	each application; and
41	(3) for the one (1) or more kinds of insurance under Class II
12	or Class III that the company intends to market, have



received

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- (A) applications for insurance covering not less than forty (40) policies to be issued; and
- (B) premiums amounting to not less than five hundred thousand dollars (\$500,000) for the policies.
- (b) A domestic mutual company described in section 1(b) of this chapter shall deposit with the department, in cash or in obligations of the United States, one hundred thousand dollars (\$100,000).
- (c) If the commissioner determines that the continued operation of a domestic mutual company described in section 1(b) of this chapter may be hazardous to the policyholders or the general public, the commissioner may, upon the commissioner's determination, issue an order requiring the insurer to increase the insurer's capital and surplus based on the type, volume, and nature of the business transacted.

SECTION 11. IC 27-1-12-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. (a) After the department has ascertained the net reserve value of all policies (as defined in section 9 of this chapter) or the reserve liabilities (as defined in section 10 of this chapter) of any life insurance company organized and doing business in this state, the department shall notify said company of the amount or amounts thereof. Within sixty (60) days after the date of such notification, the officers of such company shall deposit with the department, solely for the security and benefit of all its policyholders, assets in an amount, invested in accordance with section 2 of this chapter (except paragraph 20 of section 2(b) of this chapter) which together with the assets already deposited with the department and such additional assets as may be deposited by said company with other states or governments, pursuant to the requirements of the laws of such other states or governments in which said company is doing business, shall be not less than the lesser of the amount of such reserve value or reserve liabilities or the amount provided under subsection (f). No life insurance company organized under this article or any other law of this state shall be required to make such deposit until the amount prescribed by this subsection exceeds the amount deposited by said company under IC 27-1-6-14, or IC 27-1-6-15, or IC 27-1-6-15.1. Investments in real estate shall be deposited in the form of satisfactory evidences of ownership. The deposit requirement in relation to policy loans and bank deposits shall be considered fulfilled by the inclusion of such item in the company's annual statement, but subject to the right of the company at any time, and the obligation of the company on demand of the department, to file with the department a certificate as









to the amount of such item.

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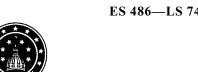
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- (b) If the department in the course of the year ascertains that the net reserve value of a company's policies (as defined in section 9 of this chapter) or its reserve liabilities (as defined in section 10 of this chapter) exceeds such company's deposits as required by subsection (a), it may require such company within sixty (60) days to increase its deposit to the required amount.
- (c) Nothing in this article shall prevent the deposit of bonds, mortgages, or other securities which meet the investment requirements of a foreign or alien state or country, to an amount not exceeding the amount of the reserves on policies issued to residents of, and to corporations doing business in, such state or country. If, pursuant to the law of a foreign or alien state or country in which an Indiana life insurance company is doing business, securities belonging to such a company are required to be deposited within the boundaries of such foreign or alien state or country, credit for the amount of such deposit, not exceeding the amount of the reserves on policies issued to residents of, and to corporations doing business in, such foreign or alien state or country, may be taken by the company as an offset against its deposits required under this article.
- (d) If, pursuant to the law of a foreign or alien state or country, a life insurance company domiciled therein is not permitted a reserve credit for reserves maintained by a reinsurer foreign to such a state or country, except on the condition that the amount of such reserve be deposited with the insurance supervisory official of such state or country, a deposit credit for the amount of such reserves so deposited shall be allowed a domestic life insurance company accepting reinsurance from companies domiciled in such state or country.
- (e) Any deposit of assets with the department pursuant to any law superseded by this chapter shall, prior to the first deposit date contemplated in subsection (a), be continued with the department and otherwise be subject to this section.
- (f) The amount of the deposit, except as otherwise provided in subsection (a), shall be one million dollars (\$1,000,000) excluding policy loans and bank deposits, or such greater amount as the department deems necessary to protect the interests of the policyholders of a particular company by an order to the company to deposit additional amounts under this section.
 - (g) Each company:
 - (1) must report to the department each new asset acquisition to establish its eligibility for investment under the numbered categories of permissible investments under section 2 of this









1	chapter at such regular intervals, within the time limit following
2	each interval and on the forms as the department may require,
3	without complying with IC 4-22-2; and
4	(2) when ordered by the department, shall make any additional
5	report relating to:
6	(A) the category of eligibility, the characteristics, or the
7	amount of any investment; or
8	(B) the amount of the assets of the company in any category;
9	calculated under the rules applied for annual statement purposes.
0	SECTION 12. IC 27-14-3-6 IS AMENDED TO READ AS
1	FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) Except as
2	provided in subsection (b), an MIHC:
3	(1) has and may exercise all the rights and privileges of insurance
4	companies formed under this title; and
5	(2) is subject to all the requirements and regulations imposed
6	upon insurance companies formed under this title.
7	(b) The exceptions referred to in subsection (a) are as follows:
8	(1) An MIHC does not have the right or privilege to write
9	insurance (except through an insurance company subsidiary) and
20	is not subject to any requirement or rule adopted under IC 4-22-2
21	relating to the writing of insurance.
22	(2) An MIHC is not subject to the deposit requirement in
23	IC 27-1-6-15(d). IC 27-1-6-15(e) or IC 27-1-6-15.1(b).
24	(3) An MIHC is not subject to any statute or rule adopted under
2.5	IC 4-22-2 that is imposed upon insurance companies formed
26	under this title to the extent that the statute or rule is in conflict
27	with this article.
28	(4) An MIHC is not subject to the investment requirements under
29	IC 27-1-12 or IC 27-1-13 that limit or restrict investments in
0	subsidiaries.
1	(5) An MIHC is not subject to risk-based capital requirements
32	under IC 27-1-36.
3	(6) An MIHC is not subject to a requirement under IC 27 if the
4	commissioner determines by order or rule adopted by the
55	commissioner under IC 4-22-2 that the requirement does not
6	apply to the MIHC.
37	SECTION 13. IC 27-15-14-1 IS AMENDED TO READ AS
8	FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) If a domestic
9	mutual insurance company:
10	(1) is insolvent, as defined in IC 27-9-1-2(1);
1	(2) does not meet the applicable minimum surplus requirements
-2	of IC 27-1-6-15 or IC 27-1-6-15.1 ; or



1	(3) in the judgment of the commissioner, is in a hazardous
2	financial condition;
3	its board of directors may adopt, and the commissioner may approve,
4	any plan of conversion and amendment to the articles of incorporation
5	that, on the effective date of the conversion, would provide for the
6	former mutual to have paid-in capital stock and surplus in an amount
7	not less than the minimum requirements of IC 27-1-6-14(c) and
8	IC 27-1-6-14(e) and an RBC level greater than its company action RBC
9	level.
10	(b) The commissioner may allow waivers or material modifications
11	of the requirement to give any notices to members and policyholders,
12	to obtain member approval of the proposed plan of conversion or
13	amendment to the articles of incorporation of the converting mutual, or
14	to distribute consideration to members if the value of a converting
15	mutual described in subsection (a) does not in the judgment of the
16	commissioner warrant any such notices, approvals, or distribution
17	under the circumstances, including the expenses involved in a
18	distribution of consideration.
19	SECTION 14. [EFFECTIVE UPON PASSAGE] (a) As used in this
20	SECTION, "committee" refers to the interim study committee on
21	motor vehicle towing established by this section.
22	(b) There is established the interim study committee on motor
23	vehicle towing. The committee consists of the following members:
24	(1) Four (4) members of the house of representatives
25	appointed by the speaker of the house of representatives, one
26	(1) of whom shall serve as the chairperson of the committee.
27	Not more than two (2) members appointed under this
28	subdivision may be members of the same political party.
29	(2) Four (4) members of the senate appointed by the president
30	pro tempore of the senate. Not more than two (2) members
31	appointed under this subdivision may be members of the same
32	political party.
33	(c) The committee shall study practices and charges associated
34	with removal, towing, or storage of a motor vehicle, including:
35	(1) issues related to release of the motor vehicle to the motor
36	vehicle owner;
37	(2) the manner in which determinations are made regarding
38	usual and customary charges for the service rendered in a
39	community;
39 40	community; (3) the actual costs of the service rendered;
39	community;



1	(5) other issues related to removal, towing, or storage of a	
2	motor vehicle determined necessary by the committee.	
3	(d) The committee shall operate under the policies governing	
4	study committees adopted by the legislative council.	
5	(e) The affirmative votes of a majority of the voting members	
6	appointed to the committee are required for the committee to take	
7	action on any measure, including final reports.	
8	(f) The committee shall report its findings and recommendations	
9	to the legislative council in an electronic format under IC 5-14-6	
10	before November 1, 2009.	
11	(g) This SECTION expires December 31, 2009.	
12	SECTION 15. An emergency is declared for this act.	
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COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 486, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 486 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 7, Nays 1.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, to which was referred Senate Bill 486, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to SB 486 as printed February 20, 2009.)

FRY, Chair

Committee Vote: yeas 11, nays 0.

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